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TAGS: <u>EPET ENRG ETTC PREL IR NO RS</u>
SUBJECT: RUSSIA ENERGY: MORE ON LUKOIL AND IRAN AND THE ISA

REF: A. STATE 10650

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Classified By: Ambassador Burns by reason 1.4 (b/d).

11. (C) In response to reftel A, we have raised our concerns about Lukoil's investment in the Anaran field with Acting Foreign Minister Andrey Denisov and Lukoil President Alekperov. In a March 12 meeting with Deputy Energy Secretary Sell (septel), Alekperov reiterated his clear

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understanding of the implications of the Iran Sanctions Act for his business interests in the United States and his intention to comply with its provisions, even though it could ultimately cost the firm its stake in the Anaran field. Prior to that meeting, we were informed that Alekperov in recent weeks has made clear to the head of Lukoil's Iran office that while the firm does not plan to pull out of Anaran, it will also not advance the project in violation of ISA. In a March 14 meeting with Acting Foreign Minister Denisov, the Ambassador registered our concerns about Lukoil's activity in Iran, reviewed our dialogue with the company, and re-iterated our policy of opposition to investment in Iran's energy sector.
BURNS